Financial Statement
1998-99

Saskatchewan Indian Institute
Of Technologies

100-03885/

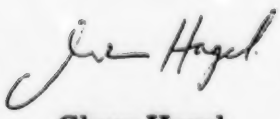
Letter of Transmittal

The Honourable J. Wiebe
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to submit for your consideration the Financial Statements of the Saskatchewan Indian Institute of Technologies for the year ending June 30, 1999.

Respectfully submitted:



Glenn Hagel
Minister of Post-Secondary Education and Skills Training

KPMG

Financial Statements of

SASKATCHEWAN INDIAN REGIONAL COLLEGE

(Operating as the Saskatchewan Indian Institute of Technologies)

Year ended June 30, 1999

KPMG LLP
Chartered Accountants
600 – 128 Fourth Avenue South
Saskatoon SK S7K 1M8

Telephone (306) 934-6200
Telefax (306) 934-6233
www.kpmg.ca

AUDITORS' REPORT TO THE BOARD OF GOVERNORS

We have audited the statement of financial position of Saskatchewan Indian Regional College (Operating as the Saskatchewan Indian Institute of Technologies) as at June 30, 1999 and the statements of operations, changes in net assets and cash flows for the year then ended. The college is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the college as at June 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Saskatchewan

September 24, 1999

KPMG LLP, a Canadian owned limited liability partnership established under the

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Financial Position

June 30, 1999, with comparative figures for 1998

	1999	1998
Assets		
Current assets:		
Cash	$ 2,444,026	$ 855,197
Accounts receivable (note 4)	630,239	852,775
Prepaid expenses	27,358	50,366
	3,101,623	1,758,338
Deposit on building purchase (note 11)	350,000	–
Capital assets (schedule 1)	882,049	1,082,315
	$ 4,333,672	$ 2,840,653
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	$ 1,024,610	$ 1,182,448
Deferred revenue (note 6)	2,250,104	386,577
Current portion of obligation under capital lease (note 7)	201,200	184,500
	3,475,914	1,753,525
Obligations under capital lease (note 7)	60,391	175,723
Deferred contributions (note 8)	30,720	38,400
Net assets:		
Net assets invested in capital assets (note 9)	589,738	683,692
Net assets internally restricted (note 10)	50,829	96,203
Unrestricted net assets	126,080	93,110
	766,647	873,005
Subsequent event (note 11)		
Commitments (note 12)		
	$ 4,333,672	$ 2,840,653

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Operations

Year ended June 30, 1999, with comparative figures for 1998

	1999	1998
Revenue (schedule 2):		
Institutional programs and operations	$ 6,675,087	$ 6,517,264
Contract training	819,190	893,936
Contract projects	1,278,426	1,162,257
Other	52,600	34,543
	8,825,303	8,608,000
Expenditures (schedule 3):		
Institutional operations	1,324,965	1,070,783
Institutional programs	5,424,291	5,550,326
Contract training	825,671	900,540
Contract projects	1,356,734	1,118,535
	8,931,661	8,640,184
Deficiency of revenue over expenditures	$ (106,358)	$ (32,184)

See accompanying notes to financial statements.

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Changes in Net Assets

Year ended June 30, 1999, with comparative figures for 1998

	Invested in capital assets	Internally Restricted	Unrestricted	1999 Total	1998 Total
Balance, beginning of year	$ 683,692	$ 96,203	$ 93,110	$ 873,005	$ 905,189
Excess (deficiency) of revenue over expenditures	(365,632)	–	259,274	(106,358)	(32,184)
Internally imposed restrictions (note 10)	–	(45,374)	45,374	–	–
Investment in capital assets	271,678	–	(271,678)	–	–
Balance, end of year	$ 589,738	$ 50,829	$ 126,080	$ 766,647	$ 873,005

See accompanying notes to financial statements.

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Cash Flows

Year ended June 30, 1999, with comparative figures for 1998

	1999	1998
Cash flows from (used in):		
Operations:		
Deficiency of revenue over expenditures	$ (106,358)	$ (32,184)
Items not involving cash:		
Amortization	373,312	378,930
Amortization of deferred contributions	(7,680)	(9,600)
Change in non-cash operating working capital:		
Accounts receivable	222,536	(356,724)
Prepaid expenses	23,008	(2,196)
Accounts payable and accrued liabilities	(157,838)	97,809
Deferred revenue	1,863,527	36,574
	2,210,507	112,609
Financing:		
Obligations under capital lease	(98,632)	251,477
Deferred contributions	–	48,000
	(98,632)	299,477
Investments:		
Purchase of capital assets	(74,689)	(271,132)
Proceeds on disposal of capital assets	8,575	17,927
Deposit on building purchase	(350,000)	–
Acquisition of capital leases	(106,932)	(428,609)
	(523,046)	(681,814)
Increase (decrease) in cash	1,588,829	(269,728)
Cash, beginning of year	855,197	1,124,925
Cash, end of year	$ 2,444,026	$ 855,197

See accompanying notes to financial statements.

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements

Year ended June 30, 1999

1. **Purpose of the organization:**

The Saskatchewan Indian Regional College (the "College"), operating as the Saskatchewan Indian Institute of Technologies, provides academic and career education and training to First Nations adults in Saskatchewan. It is mandated under the Saskatchewan Indian Institute of Technologies Act of the Federation of Saskatchewan Indian Nations Legislative Assembly and the Regional Colleges Act of the Province of Saskatchewan.

2. **Accounting principles and policies:**

The College's financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following significant policies:

(a) Use of estimates:

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures for the year. Actual results may differ from these estimates.

(b) Revenue recognition:

The College follows the deferral method of accounting for revenue. Funding for operational and program expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding designated for capital assets and projects is deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual training and projects is recognized as the service is delivered.

Revenue from tuition and fees is recognized as the course instruction is delivered.

(c) Capital assets and amortization:

Capital assets are recorded at cost. The net assets invested in capital assets represents the cumulative cost of assets, less accumulated amortization and financing.

Amortization is provided to charge the cost of capital assets to operations over their estimated useful lives and is calculated using the following methods and rates:

Assets (schedule 1)	Amortization method	Rate / Term
Automotive equipment	Declining balance	30%
Office furniture and equipment	Declining balance	20%
Course equipment	Declining balance	20%
Leasehold improvements	Declining balance	20%
Computer software	Straight - line	2 years

3. Related party transactions:

The following are related parties of Saskatchewan Indian Regional College because they are First Nations entities:

- Federation of Saskatchewan Indians, Inc. ("FSIN")
- Saskatchewan Indian Training Assessment Group Inc. ("SITAG")
- Saskatchewan Indian Gaming Authority ("SIGA")
- Saskatchewan First Nations and Tribal Councils
- Saskatchewan Indian Cultural Centre ("SICC")
- Saskatchewan Indian Federated College ("SIFC")

Saskatchewan Institute of Applied Science and Technology ("SIAST") and Sask Tel are related parties of Saskatchewan Indian Regional College as the members of the Board of Directors for each of the organizations are appointed by the Lieutenant Governor in Council for the Province of Saskatchewan.

Amounts payable to or receivable from related parties are separately disclosed in the financial statements. Other significant transactions with related parties during the year were primarily for program expenditures and class rental with total expenditures as follows:

	1999	1998
Saskatchewan First Nations and Tribal Councils	$ 1,194,769	$ 1,155,874
SIAST	182,778	910,882
FSIN	68,579	59,585
SIFC	400	–

Revenues received from related parties were primarily for program purchases and tuition with total revenue as follows:

	1999	1998
SITAG	$ 4,338,625	$ 3,492,237
Saskatchewan First Nations and Tribal Councils	973,303	1,782,604
Sask Tel	280,156	315,265
Post Secondary Education and Skills Training - Province of Saskatchewan	173,333	110,323
FSIN	71,448	48,467
SIGA	31,078	–
SIAST	–	6,665

4. Accounts receivable:

	1999	1998
External:		
Goods and services tax	$ 57,796	$ 29,450
Trade	21,754	39,801
Staff/board advances	11,176	8,617
Health and Welfare Canada	3,395	51,475
Human Resources Development Canada	2,428	–
Related parties:		
SITAG	318,932	–
First Nations and Tribal Councils	72,062	559,176
FSIN	69,729	15,798
Sask Tel	32,981	28,362
Post Secondary Education and Skills Training - Province of Saskatchewan	31,415	29,569
SIGA	8,071	5,976
SICC	500	1,000
SIAST	–	127,222
	630,239	896,446
Less: allowance for doubtful accounts	–	43,671
	$ 630,239	$ 852,775

5. Accounts payable and accrued liabilities:

	1999	1998
External:		
Trade payables and accrued liabilities	$ 579,778	$ 546,910
Province of Saskatchewan	2,870	–
Related parties:		
First Nations and Tribal Councils	400,154	215,718
FSIN	25,373	–
Sask Tel	13,875	3,046
SIAST	2,560	127,417
SITAG	–	289,357
	$ 1,024,610	$ 1,182,448

6. Deferred revenue:

The following program revenues are to be applied against program expenditures to be made subsequent to June 30, 1999:

	1999	1998
Aboriginal Employment Development (Human Resources Development Canada)	$ 1,646,083	$ –
Capacity Building Project (Human Resources Development Canada)	234,762	–
Accreditation Project (Human Resources Development Canada)	123,812	–
Operational funding (Indian and Northern Affairs Canada)	120,000	120,000
Pre-Transfer Health (Medical Services Branch)	27,673	–
Firefighter Training (Indian and Northern Affairs Canada)	20,995	9,089
Orientation to Day Care (FSIN)	16,848	–
Scholarship Funding:		
Fundraising - scholarships	13,342	–
Event registrations	13,900	–
Sask Tel	1,500	4,500
Sask Energy	–	2,500
NNADAP (Medical Services Branch)	11,501	54,370
Health Sciences (Peter Ballantyne Cree Nation)	8,666	14,093
Fundraising - Campus Building	6,296	2,207
Management Training (Regina Urban)	3,346	22,317
Electronics (Sask Tel)	1,300	–
Life Skills - Yorkton Tribal Council	80	–
Curriculum Development (Human Resources Development Canada)	–	75,215
Training Assessment Session (Metis Employment and Training Centre)	–	57,144
Adult Basic Education Programs:		
Buffalo River First Nation	–	10,383
FSIN	–	2,317
English River First Nation	–	1,805
RCMP Training (Prince Albert Grand Council)	–	7,462
Tuition	–	3,175
	$ 2,250,104	$ 386,577

7. Obligation under capital leases:

	1999	1998
Obligation under capital leases, beginning of year	$ 360,223	$ 108,746
Additions during the year	106,932	428,609
Repayments during the year	(205,564)	(177,132)
Obligation under capital leases, end of year	261,591	360,223
Less current portion	201,200	184,500
	$ 60,391	$ 175,723

Minimum lease payments under the capital leases are as follows:

2000	$ 203,810
2001	49,050
2002	20,510
2003	5,640
2004	4,230
Total minimum lease payments	283,240
Less amount representing future interest	21,649
Net obligation under capital leases	$ 261,591

Interest rates on the leases range from 6.75% to 14.5%. Interest expensed during the year amounted to $22,794 (1998-$27,413).

8. Deferred contributions:

Deferred contributions represent amounts received from Aboriginal Business Canada relating to capital asset acquisitions for the Call Centre. These amounts are being recognized as revenue on the same basis as the related assets are being amortized as set out in note 2.

9. Net assets invested in capital assets:

Net assets invested in capital assets is comprised of:

	1999	1998
Net book value of capital assets	$ 882,049	$ 1,082,315
Purchase of capital assets financed by:		
Deferred contributions	(30,720)	(38,400)
Obligations under capital leases	(261,591)	(360,223)
Net assets invested in capital assets	$ 589,738	$ 683,692

10. Net assets internally restricted:

	1999	1998
Net assets internally restricted, start of year	$ 96,203	$ 48,628
Current year appropriation for:		
Legal fees	–	50,000
Current year expenditures on:		
Legal fees	(18,625)	–
Campus facility design and development	(26,749)	(2,425)
Net assets invested in capital assets	$ 50,829	$ 96,203

11. Subsequent Event:

The College entered into an agreement to purchase the Churchill Building on 4th Avenue South in Saskatoon for $3,200,000 effective July 1, 1999. $350,000 has been advanced on the purchase as at June 30, 1999 and the remainder will be financed under an agreement for sale at 7.75%.

12. Commitments:

The College has commitments under operating leases over the next five years as follows:

2000	$ 212,967
2001	139,900
2002	113,555
2003	99,147
2004	-
	$ 565,569

13. Budgeted figures:

Approved budgeted revenue and expenditures for the current fiscal year are as follows:

	(unaudited)
Revenue:	
Institutional programs and operations	$ 7,113,262
Contract training	2,552,000
Contract projects	1,233,000
	10,898,262
Expenditures:	
Institutional operations	1,323,613
Institutional programs	6,023,578
Contract training	2,552,000
Contract projects	1,233,000
	11,132,191
Budgeted excess of expenditures over revenue	$ (233,929)

14. Pension Plan:

The College has a defined contribution pension plan for the benefit of its employees. Membership in the plan is mandatory for eligible employees and employee contributions are matched equally by the College up to 7.5% of salary. The College's contribution to the plan was $183,598 in 1999 (1998 - $17,652). Annual contributions by the College are recorded as expenditures in the statement of operations.

15. Financial assets and liabilities:

Cash, accounts receivable and accounts payable and accrued liabilities are all short-term in nature and as such their carrying value approximates fair value.

16. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the College's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

17. Comparative figures

Certain of the prior year's figures used for comparative purposes have been reclassified to conform to the current year's presentation.

Schedule 1

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Capital Assets

June 30, 1999, with comparative figures for 1998

	1999			1998		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture	$ 226,672	$ 175,297	$ 51,375	$ 220,225	$ 162,454	$ 57,771
Office equipment	370,392	254,963	115,429	344,516	226,106	118,410
Automotive equipment	104,668	84,317	20,351	122,168	84,520	37,648
Course equipment	1,327,223	1,010,895	316,328	1,300,847	931,813	369,034
Computer software	113,229	108,261	4,968	103,293	98,019	5,274
Leasehold improvements	315,521	203,514	112,007	309,467	175,512	133,955
Assets under capital lease	670,007	408,416	261,591	563,076	202,853	360,223
	$ 3,127,712	$ 2,245,663	$ 882,049	$ 2,963,592	$ 1,881,277	$ 1,082,315

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Revenue

Year ended June 30, 1999, with comparative figures for 1998

	1999	1998
Institutional programs and operations:		
SITAG	$ 3,812,641	$ 3,121,128
Indian and Northern Affairs Canada	1,440,000	1,464,856
First Nations and Tribal Councils:		
Tuition fees	599,032	477,108
Direct purchases	225,184	236,628
Purchases under bilateral agreement	149,087	1,069,308
Province of Saskatchewan Construction Project	170,911	–
Tuition fees - unrelated	122,566	79,970
Human Resources Development Canada	43,285	–
Electronics Program:		
Sask Tel	35,000	–
Wascana	22,600	–
SIGA	28,000	–
FSIN	26,781	48,266
SIAST (Future Skills)	–	20,000
	$ 6,675,087	$ 6,517,264
Contract training:		
National Native Alcohol and Drug Abuse Program	$ 601,998	$ 491,077
Firefighter Training	88,093	123,529
Community Health Representative Training	68,630	109,421
Aboriginal Employment Development	47,717	–
Electronics Program	12,752	84,377
Health Careers Access	–	72,532
Human Resource Officer Orientation	–	7,000
Canada Mortgage Housing Corporation - Program Manager	–	6,000
	$ 819,190	$ 893,936
Contract projects:		
SITAG Regional Co-ordination-Bilateral Agreement	$ 450,578	$ 371,110
Human Resources Development Officer:		
Development Project	311,637	331,426
Accreditation Project	16,188	–
SIIT Call Centre Project	266,745	330,353
Youth Co-ordination Project	67,404	–
Labor Market Information Systems Project		
Metis Employment and Training	57,144	89,614
Wide Area Network	5,000	–
Grand River Employment and Training	–	2,928
Aboriginal Head Start	42,416	–
FSIN Day Care Licensing and Orientation	31,496	–
Disabilities Program Planning	10,000	–
Provincial Training Strategy	7,100	5,946
MSB Pre-transfer Health Project	6,077	–
SIIT Campus Fundraising	4,841	–
ABE Multi-media Project	1,800	6,665
Pipeline Planning Project	–	24,215
	$ 1,278,426	$ 1,162,257
Other:		
Interest	$ 51,801	$ 29,219
Miscellaneous	799	5,324
	$ 52,600	$ 34,543

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Expenditures by Function

Year ended June 30, 1999, with comparative figures for 1998

	1999	1998
Institutional operations:		
Institutional support	$ 760,069	$ 597,944
Operations and maintenance	535,690	431,079
Board	137,347	110,983
Amortization of capital assets	103,235	111,901
Cost recoveries	(211,376)	(181,124)
	$ 1,324,965	$ 1,070,783
Institutional programs:		
Diploma programs	$ 3,261,086	$ 2,626,994
Program planning, development and coordination	1,197,828	1,009,846
Certificate and applied certificate programs	472,231	818,236
Academic preparation programs	463,599	616,203
Other career programs	393,313	813,312
Amortization of capital assets	185,856	196,733
Cost recoveries	(549,622)	(530,998)
	$ 5,424,291	$ 5,550,326
Contract training:		
National Native Alcohol and Drug Abuse Program	$ 601,998	$ 491,077
Firefighter Training	86,666	123,529
Community Health Representative Training	68,630	108,921
Aboriginal Employment Development	47,717	–
Electronics Program	12,752	84,377
Health Careers Access	–	72,024
Canadian Mortgage Housing Corporation - Program Manager	–	6,129
Human Resource Officer Orientation	–	5,256
Amortization of capital assets	7,908	9,227
	$ 825,671	$ 900,540
Contract projects:		
SITAG Regional Co-ordination-Bilateral Agreement	$ 430,919	$ 364,168
Human Resources Development Officer:		
Development Project	306,967	270,870
Accreditation Project	16,188	–
SIIT Call Centre Project	255,001	286,518
Youth Co-ordination Project	67,404	–
Labor Market Information Systems Project:		
Metis Employment and Training	57,144	77,629
Wide Area Network	5,000	-
Grand River Employment and Training	–	950
Aboriginal Head Start	42,416	–
FSIN Day Care Licensing and Distribution	31,496	–
SIIT Campus Development	26,749	–
Legal costs	18,625	–
Disabilities Program Planning	9,540	–
MSB Pre-transfer Health Project	6,077	–
SIIT Campus Fundraising	4,841	–
ABE Multi-media Project	2,054	6,665
Pipeline Planning Project	–	24,215
Provincial Training Strategy	–	13,720
Home care development project	–	10,306
Campus Development Project	–	2,425
Amortization of capital assets	76,313	61,069
	$ 1,356,734	$ 1,118,535

SASKATCHEWAN INDIAN REGIONAL COLLEGE

Expenditures by Object

Year ended June 30, 1999, with comparative figures for 1998

	1999	1998
Salaries	$ 4,352,572	$ 3,382,840
Contractual services	1,300,338	2,312,939
Facilities rent	623,025	632,186
Travel and sustenance	600,090	413,073
Employee benefits	598,926	443,995
Supplies	215,499	170,542
Trainee travel and sustenance	201,119	249,059
Coordination charges	168,737	218,081
Telephone	162,170	154,008
Administration charges	155,908	188,604
Reference materials	143,877	83,890
Vehicle and equipment rentals	123,455	131,981
Resource persons	105,099	81,632
Photocopying	70,260	53,737
Miscellaneous	68,498	16,164
Advertising	55,421	48,639
Board honoraria	53,654	46,750
Printing and binding	34,308	40,534
Audit and accounting fees	31,900	30,481
Janitorial	26,403	29,401
Board travel	23,199	27,069
Legal fees	23,136	9,703
Training-staff	21,363	11,558
Courier	20,304	17,895
Graduation	19,695	31,255
Insurance	19,259	16,173
Maintenance	15,637	13,522
Utilities	11,998	10,465
Training-students	11,701	15,844
Postage	9,286	7,903
Goods and services tax	9,098	7,846
Bad debts	7,757	15,338
Casual	7,016	1,660
Memberships	6,778	4,758
Furniture and major tools	5,802	22,097
Bank charges and interest	5,402	4,523
Repairs	5,154	4,753
Subscriptions	2,653	3,173
Equipment	2,491	3,969
Business development	359	4,016
Training allowances	–	9,276
Fuel	–	1,526
Storage	–	518
Total expense before recoveries and amortization	$ 9,319,347	$ 8,973,376
Amortization	373,312	378,930
Less Recoveries	(760,998)	(712,122)
	$ 8,931,661	$ 8,640,184